

Canadian Cottons Limited

MONTREAL, CANADA



TWENTY-THIRD ANNUAL REPORT

FOR YEAR ENDED MARCH 31ST, 1933



PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, MAY, 16TH, 1933

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Canadian Cottons, Limited

Operating

ONTARIO MILL, HAMILTON, ONT.

STORMONT MILL, CORNWALL, ONT.

DUNDAS MILL, CORNWALL, ONT.

CANADA MILL, CORNWALL, ONT.

ST. CROIX MILL, MILLTOWN, N.B.

GIBSON MILL, MARYSVILLE, N.B.

Subsidiary

CORNWALL AND YORK COTTON MILLS COMPANY, LIMITED

SAINT JOHN, N.B.

Operating

CORNWALL MILL

YORK MILL

OFFICERS

A. O. DAWSON, LL.D. *President and Man. Director*

HON. F. L. BEIQUE, K.C. *Vice-President.*

R. G. TOLMIE *General Manager*

HUGH M. WATSON *Secretary*

K. L. HAMILTON *Treasurer*

DIRECTORS

SIR H. MONTAGU ALLAN, C.V.O.

HON. F. L. BEIQUE, K.C.

W. A. BLACK

GEORGE CAVERHILL

A. O. DAWSON, LL.D.

W. J. MORRICE

R. G. TOLMIE

TWENTY - THIRD ANNUAL REPORT OF THE
DIRECTORS OF CANADIAN COTTONS LIMITED,
AS PRESENTED TO THE SHAREHOLDERS AT
THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL AT 12.15 P.M., MAY 16TH,
1933.

To the Shareholders:—

Your Directors herewith present the Twenty-Third Annual Report of the Company, showing the results of its operations for the fiscal year ended March 31st, 1933, together with Balance Sheet and Profit & Loss Account for that period.

The sales for the year amounted to \$5,789,475.68, as compared with \$6,541,000.55 for the previous year, a decrease of \$751,524.87, or about 11½%.

Shipments during the first half of the fiscal year held up remarkably well, which gave hope to your Directors that the "depression" that has been with us for the past four years had definitely come to an end. Unfortunately these expectations were not realized, as the second half of the year proved to be the most difficult period experienced by your Company since its organization. This change in conditions was apparently due, first, to a general slowing up in world business, and second, because of the increased and bitter competition your products have had to face from the English cotton mills. This latter situation was of course aggravated by a further reduction in the dumping duty on imported British goods from \$4.40 to the pound Sterling to \$4.25 to the pound Sterling.

Your plants operated only to 52% of capacity during the year.

The net profit for the year, including income from securities and investments, was \$90,736.45, whereas dividends paid on the preferred shares of the Company amounted to \$219,690.00, which necessitated drawing on the surplus at credit Profit & Loss Account to the extent of \$128,953.55.

It will be noted in the annual statement herewith that the net working capital of the Company has been decreased by \$611,665.10. This is principally due to the purchase on advantageous terms of a large block of the Company's own bonds.

Bonds to the value of \$1,055,000.00 were transferred to Sinking Fund and cancelled, leaving only \$1,724,100.00 of these now in the hands of the public.

Because of existing conditions your Directors decided, with great regret, to reduce all salaries and wages by an average of 10% effective as from April 1, 1933.

Starting the new year with lowered costs because of the action above recorded, and in the belief that something constructive will be accomplished at the World Economic Conference which is to be held in London in the coming month, it is reasonable to hope that the year 1933-1934 holds out considerable promise for your Company.

The thanks of your Directors is again extended to the officials and employees for their splendid loyalty and for their earnest efforts during the year.

The books and accounts of the Company have been duly audited, and Auditor's report is submitted herewith.

Respectfully submitted,

A. O. DAWSON,

President.

Canadian Cotton

GENERAL

YEAR ENDED

ASSETS

Cash on Hand and in Bank	\$ 116,460.08	
Open Accounts & Bills Receivable (Net Cash Basis)	807,312.99	
		\$ 923,773.07

INVESTMENTS — Dominion Government Bonds, Corporation Bonds and Shares, at not exceeding Market Value.....		2,702,421.81
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INVENTORY OF

Raw Cotton.....	\$ 126,637.43	
Cloth, Process & Yarn ..	1,347,915.84	
Supplies.....	204,741.27	
		\$ 1,679,294.54

TOTAL CURRENT ASSETS..... \$ 5,305,489.42

Canadian Cottons, Limited Bonds in Treasury and for Sinking Fund.....		
(Par Value \$1,127,040.00).....	985,255.53	
Shares in Subsidiary Companies.....	3.00	
Prepaid and Deferred Charges—Insurance, Taxes, etc.....	125,700.00	

CAPITAL ASSETS

Mills, Plants, Properties, etc.....	10,287,375.06	
		<u>\$16,703,823.01</u>

Montreal, April 26th, 1933.

Audited and verified as per Certificate attached:

C. W. BAKER (of Baker, Birnie & Co.,
Chartered Accountants).

ons, Limited

STATEMENT

MARCH, 31ST 1933

LIABILITIES

Open Accounts and Bills Payable — including Tax Reserve.....	\$ 715,425.37	
Employees' Benefit Fund..	239,088.64	
Bond Interest & Dividends Accrued.....	79,922.50	
<u>TOTAL CURRENT LIABILITIES....</u>	\$ 1,034,436.51	
<u>BONDS</u> —5% due 1940....	\$5,000,000.00	
Less Redeemed and Cancelled.....	2,148,860.00	
	<u>\$ 2,851,140.00</u>	
<u>RESERVES</u>		
Depreciation.....	\$3,850,000.00	
Bad Debts.....	100,000.00	
Special Replacements....	600,000.00	
	<u>4,550,000.00</u>	
<u>CAPITAL STOCK</u>		
Preferred Authorized....	\$4,500,000.00	
Issued.....		3,661,500.00
Common Authorized....	3,500,000.00	
Issued.....		2,715,500.00
<u>SURPLUS</u> at credit of		
Profit & Loss Account.....	1,891,246.50	
	<u>\$16,703,823.01</u>	

APPROVED:

A. O. DAWSON }
F. L. BEIQUE } *Directors*

HUGH M. WATSON,
Secretary

Canadian Cottons, Limited

MANUFACTURING AND PROFIT AND LOSS STATEMENT

FOR YEAR ENDED MARCH, 31ST 1933

Net Sales for the Year.....	\$5,789,475.68
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DEDUCT:

Cost of Manufacturing, Raw Material, Marketing of Products, Administration, Repairs, Replacements, Maintenance, Depreciation and Provision for Govern- ment Taxes to date.....	\$5,714,586.91
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Net Manufacturing Profit.....	74,888.77
Add: Income from Securities and Investments.....	137,651.97

\$ 212,540.74

DEDUCT:

Bad Debts.....	\$34,774.69
Bond Interest (on net amount of Bonds outstanding in hands of public).....	87,029.60
	<u>121,804.29</u>

Net Operating Profit.....	90,736.45
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Dividends on Preferred Shares.....	219,690.00
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Deficit for the year after Dividends.....	128,953.55
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Balance at Credit March 31st, 1932.....	2,020,200.05
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\$ 1,891,246.50

ADD:

Proportion of Discount on Bonds purchased for Sinking Fund and now redeemed and cancelled.....	142,500.00
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\$2,033,746.50

DEDUCT:

Value of Shares in Subsidiary Companies written down.....	\$101,236.02
Loss on Securities sold during the year....	7,199.45
Transfer to Reserve for Contingencies to provide for depreciation in Market Value of Securities.....	34,064.53
	<u>142,500.00</u>

Balance at Credit March 31st, 1933.....	<u>\$1,891,246.50</u>
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To the Shareholders,

Canadian Cottons, Limited.

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ended March 31st, 1933.

I have verified the Cash in Bank and the Investment Securities and the Revenue therefrom and ample provision has been made for Depreciation in the Market Value thereof.

I have obtained all the information and explanations required, and now certify that, in my opinion, the attached statements and balance sheet, based upon the certified inventories presented, are properly drawn up so as to exhibit a true and correct view of the year's operations and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as shown by the books of the Company.

C. W. BAKER,

(of Baker, Birnie & Co., Chartered Accountants.)

Montreal, April 26th, 1933.

Canadian Cottons, Limited

Manufacture

DENIMS	COTTON TWEEDS
COTTONADES	COTTON SUITINGS
CASSIMERES	PANTINGS
AUTOMOBILE FABRICS	TICKINGS
AWNING FABRICS	
SHIRTINGS	ARTIFICIAL SILK FABRICS
GALATEAS	NOVELTY DRESS FABRICS
DRESS GINGHAMS	NURSES CLOTHS
CHAMBRAYS	RIPPLETTES
APRON GINGHAMS	
FLANNELS	COLOURED FLANNELETTES
BLEACHED FLANNELETTES	MOTTLED INTERLININGS
NAPPED SHAKERS	EIDERDOWNS
TIE LININGS	SILENCE CLOTHS
NAPPED SHEETINGS	

COTTON BLANKETS

YARNS—UNBLEACHED, BLEACHED AND COLOURED
HOSIERY YARNS
WARP YARNS

EXCLUSIVE SPINNING RIGHTS IN CANADA FOR
VISTRA FIBRE — SASE YARNS.

